



April 19, 2022

GENERAL NEWS

HUD Issues Notice Implementing Final Rule on Section 3 Regulations

Late yesterday HUD’s Office of Public and Indian Housing ([PIH](#)) issued Notice [PIH 2022-10](#) to provide guidance to PHAs on tracking and reporting compliance with the new requirements for public housing financial assistance as defined in the [Section 3 final rule](#) published in the *Federal Register* on September 29, 2020. The new rule updated Section 3 regulations by reducing regulatory burden and by incentivizing employers to retain and invest in low and very low-income workers. It also streamlined reporting requirements and provided program-specific oversight while simplifying the administrative burden. Some highlights of the notice include the following:

- The Section 3 final rule and the implementation notice apply in whole, or in part, to Public and Indian Housing programs including public housing Operating and Capital Fund, Rental Assistance Demonstration (RAD), Choice Neighborhoods (CN), and mixed-finance developments under 24 CFR Section 905.604.
- Section 3 requirements also apply to properties that are recipients of Section 8 rental assistance if they are recipients of other federal funding covered by the Section 3 statute, e.g., Community Development Block Grant (CDBG) funds, and exceed the funding threshold set by HUD.
- Pre-development work conducted prior to a RAD conversion using pre-conversion public housing financial assistance is subject to Section 3 requirements.
- The Section 3 final rule also applies to other HUD-funded projects receiving more than \$200,000 in housing and community development financial assistance, including but not limited to CDBG, Housing Opportunities for Persons with AIDS (HOPWA), HOME Investment Partnerships (HOME), Housing Trust Fund (HTF), Section 202 Direct Loans for the Elderly, and Section 811 Supportive Housing for Persons with Disabilities.
- The following programs are NOT Subject to Section 3 requirements: Section 8 Housing Choice Vouchers, Section 8 Monthly Rental Assistance Payments including those under PBV and PBRA contracts, RAD – Section 8 Rental Assistance ONLY, material supplies contracts, and Indian and Tribal preferences.
- On page 4 of the notice, you can find a chart that indicates how Section 3 applies or does not apply to PIH programs.
- The new rule provided for a transition period between its effective date November 30, 2020, and the beginning of the first reporting period, July 1, 2021. Now that the transition period has concluded, PHAs and other grantees are required to report Section 3 activities to HUD. First reports are due on August 29, 2022, from PHAs with fiscal years ending June 30. You can find a chart of implementation timelines based on fiscal year end on page 11 of the notice.
- PHAs must also retain on-site records of Section 3 activities during each reporting period and must produce such records if HUD requests that information at a future date.
- Under the new rule, funding recipients will track and report total labor hours worked for all workers and for Section 3 Workers and Targeted Section 3 Workers for the applicable reporting fiscal year. Tracking new hires is no longer required. This change enables recipients to measure total actual employment and the proportion of the total employment performed by low and very low-income workers.
- PHAs that do not meet quantitative benchmarks for labor hours are required to report qualitative efforts and activities to comply with Section 3 objectives. Pursuant to 24 CFR 75.15(d), small PHAs with fewer than 250 public housing units may opt to report qualitative efforts as a first option.
- On page 26 of the notice, you can find a template for Section 3 contract language.

For further information, including contracting and procurement, refer to the [notice](#).

HCV PROGRAM NEWS

HUD to Host Webinar on Using Project-Based Vouchers

The Department of Housing and Urban Development ([HUD](#)) has announced that it will host a webinar titled “HCV Utilization: Considering Project-Based Vouchers ([PBV](#)),” which will review the PBV program requirement, highlight PBV resources, and provide case studies for how PHAs have used PBVs to improve HCV program utilization.

The webinar is scheduled for Thursday, April 21, 2022, at 2:00 p.m. Eastern Time. To register, click [here](#). You can find more information and watch previous webinars [here](#) on the [HCV website](#).



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